

Regular Session, 2009

HOUSE BILL NO. 192

BY REPRESENTATIVE ABRAMSON

TAX/SEVERANCE TAX: Reduces the severance tax levied after payout on certain oil production within a CO2 tertiary recovery program

1 AN ACT

2 To amend and reenact R.S. 47:633.4(B)(2), relative to severance tax; to reduce the severance  
3 tax on certain oil production from a carbon dioxide (CO<sup>2</sup>) tertiary recovery program;  
4 and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:633.4(B)(2) is hereby amended and reenacted to read as follows:

7 §633.4. Tertiary recovery incentive

8 \* \* \*

9 B.

10 \* \* \*

11 (2) Payout shall be determined at a public hearing held before the assistant  
12 secretary of the office of conservation. Once payout has been achieved severance  
13 tax shall be due in regard to all future production within the qualified tertiary  
14 recovery project as provided by law, with the exception of production within a  
15 carbon dioxide (CO<sup>2</sup>) tertiary recovery project which is permitted on or after July 1,  
16 2009. For all taxable periods beginning on and after July 1, 2009, the severance tax  
17 on future production within a carbon dioxide (CO<sup>2</sup>) tertiary recovery project which  
18 is permitted after July 1, 2009, shall be reduced by fifty percent of the tax that  
19 otherwise would be due.

20 \* \* \*

1           Section 2. This Act shall become effective for all taxable periods beginning on and  
2 after July 1, 2009.

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## DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Abramson

HB No. 192

**Abstract:** Reduces the severance tax levied after payout on oil production within a carbon dioxide (CO<sup>2</sup>) tertiary recovery program which is permitted on or after July 1, 2009.

Present law establishes an incentive program to promote investment in crude oil tertiary recovery projects. Oil production from a qualified tertiary recovery project shall only become taxable after the project reservoir has reached "payout". Payout status is determined at a public hearing held before the assistant secretary of the office of conservation of the Dept. of Natural Resources.

Proposed law retains present law and adds special provisions for carbon dioxide (CO<sup>2</sup>) tertiary recovery projects permitted on or after July 1, 2009. The severance tax on oil production within such a CO<sup>2</sup> tertiary recovery program shall be reduced by 50% of the tax that otherwise would be due.

Effective for all taxable periods beginning on and after July 1, 2009.

(Amends R.S. 47:633.4(B)(2))